Promotions are key to ethnic merchandising retail success

Most drug chains depend on manufacturer promotions and value packs to drive sales in their ethnic department, but no matter what their methods are, our sources agree that promotions are key to success in the category.

"It's important for drug chains to promote their ethnic departments," said AHBAI's Geri Duncan Jones.

"When you walk in Walgreen stores, for example, you find ethnic products right up at the front and that does make a customer feel welcome."

Jones, as well as ethnic product buyers, also say it's important for drug chains to give ethnic products prominent off-shelf distribution in high-traffic neighborhoods.

"If drug chains are going to maintain large share of ethnic sales, they have to be aggressive," says Jones.

This year, Luster has launched a national program tied in with billboards, flyers, local radio and other media that has really sparked sales of its Pink Oil Moisturizer.

"I'm selling as much of the Pink Oil as I can get," says Mike O'Neil of Harris Beauty Supply.

Luster themed the promotion to May-June for a summer tie in. The timing, in the words of several buyers, was "great." And the turns were phenomenal, says O'Neil.

Alberto Culver also had an above-average promotion for its TCB Scalp conditioner.

Sources said the company created a 14-ounce special bonus pack and offered it at the same price suggested for the 8-ounce Scalp Conditioner. Many chains bought into it as a back-to-school promotion. Several sources told us that when TCB first did this promotion last year, sales were so phenomenal they couldn't get enough product to keep up with the demand. This year, one source said, he bought "really heavily" into the promotion.

K mart is using the item to generate traffic. The advertised price will be a hot two for $5.

Today many chains stage their own promotions in the category. Many of them use their events to create goodwill in the community as well as to drive sales.

K mart, for example, has an annual summer promotion that raises money to send economically deprived children to camp for several weeks.

Peoples Drug in Alexandria, Va., is in its third year of raising money for a scholarship program for the United Negro College Fund. The first year, Peoples set out to raise $10,000. The second year, they tried for $25,000 and this year, they're hoping to raise at least $35,000.

Management has said its goal is to "put something back into the community." Peoples usually runs a telethon at the end of December, takes pledges, and then runs an ad in the February Black History Month issue of *Ebony*, thanking consumers for their pledges.

Perry Drug has a number of great community-minded promotions. Last year, the chain gave away 12 $1,000 scholarships to high school students whose original art creations were chosen for publication in Perry's 1990 Black Hair Care advertising campaign.

On the West Coast, drug chains tend to rely less on mass-market promotions to build traffic and more on customizing their mix according to individual neighborhoods.

Longs' ethnic business, for example, is up strongly this year. Chuck Lewman, president of Paul's Sundries, a major supplier of ethnic products to West Coast chains, says it's because Longs is able to merchandise each store according to its community's needs.

"Their managers listen to what people say they need," he says, "and that's what shows up in their stores."

Longs also assigns a store department manager to oversee ethnic. That person is responsible for throwing out slow-moving items and expanding faster-moving items.

Clark Drug also merchandises to its customers. In addition, their stores are always kept clean and well stocked, both basic amenities that nevertheless are sometimes hard to achieve with a high-traffic, fast-turning department.

Clark also has department managers responsible for ethnic; generally they are service people who have been in the store and responsible for that category for relatively long periods of time, so consequently they know that area well and can provide competent service.

Clark is also very quick to try new items. They give ethnic plenty of off-shelf display space, usually on ends. They respond to their customers and they give good value.

Thrifty, which has stores in areas where black shoppers are more concentrated, tries for more formalized promotions. They also give ethnic products endcap placement. They use manufacturers on packs, and this year they are testing a shopping spree contest in certain high-traffic ethnic neighborhoods: when customers buy a product, they're entitled to fill out a sweepstakes coupon that can win them a five-minute shopping spree or $1,000, whichever they prefer. Thrifty has done some radio to promote the program as well as flyers, bag stuffers and mailers.

Ethnic product intros since 1985

Total no. of new items	319
Percentage of new items in the current top 200 ethnic SKUs	17.2%

Source: Towne-Oller & Associates

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Drug chain ethnic promotions

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BEAUTY TRENDS | Promotions

Harco maximizes chain's ethnic promotion opportunites

Harco Drug this year plans to woo black shoppers by getting "more involved" in advertising, especially at key holidays like Christmas and special occasions like Black History Month.

"Last year, we cut off ethnic product advertising in November so we could concentrate more on gift advertising for Christmas," says Harco's ethnic products buyer, Charles Monk.

"But this year we're going to continue advertising the basic commodity items right through December. We're going to have black shoppers in our stores anyway, so why not offer hair sprays, conditioners and other products so they'll feel appreciated."

Monk says Harco is also going to put more of an advertising emphasis on Black History Month next February. It's a major event for many black consumers, and consequently a key promotional opportunity for retailers.

Next year is also Harco's 50th anniversary, and the chain plans to kick off its "Happy Anniversary" advertising in February. Monk says that gives him a perfect tie-in to Black History Month.

Monk's goal with his advertising is "to let blacks know we

ethnic Merchandising

appreciate their business."

Ethnic products will get a full page in Harco's chainwide circulars and they will probably be prominently positioned on the back page.

Harco is also resuming ethnic training schools. Two are scheduled for this fall, in Tuscaloosa and Mobile.

"We've done schools before," Monk says, "but not in the last year-and-a-half or so. We're going back to them because schools are very effective. They bring the girls up to date on what's happening with the category and with new products, and they help train them to better service their customers."

Monk says both cosmeticians and front-end managers attend the schools.

Harco will continue to do live radio remotes from high-volume ethnic neighborhood stores, because Monk says they are incredibly effective ways to reach customers.

"If you've got a good strong radio station to work with, it's the best way to bring customers in," he says.

"The deejays give away records, promote their stations. We give away samples or product and everybody has a good time."

And, Monk says, having a good time translates into "also doing a good business in sales."

Coley-Morris launches own media rep firm

CHICAGO — Beverly Coley-Morris, an advertising sales rep formerly with *Essence* and The Pattis Group, has launched BCM Marketing Representatives, Inc., a newspaper buying service based here.

The service is located at 2400 S. Michigan Ave., 60616; (312) 808-1990.

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BEAUTY TRENDS | Competition

Mass merchandisers make big ethnic category investment

Mass merchandise stores like K mart, Target, Wal-Mart and Venture are jumping into the ethnic product category in a big way.

They're adding products to more and more stores and also expanding the category in existing ethnic neighborhood stores.

One source told us that K mart, in particular, is making "dramatic" changes to its ethnic program to strengthen it.

"They're becoming very aggressive in the category. They want to be the leader in terms of advertising," he said. "There's much more of a commitment from the top."

Wal-Mart, about a year ago, went direct with the category, a move that facilitated the expansion of ethnic products into new stores and bigger planograms.

Some food chains are also adding the category to more stores as well as expanding the size of their ethnic planograms.

Jim Normandin, ethnic product buyer for one of the industry's largest distributors, Beauty Enterprises in Hartford, Conn., said sales for his company are up considerably, largely because of increased sales to mass merchandisers and food chains.

ethnic Merchandising

Tom Hood, vp of sales for Savannah-based Ben Sheftall, also reports that food chains in his markets are trying to do more with ethnic products.

Kent Humphreys, president of Jack's Service in Oklahoma City, reports that mass merchandisers are giving more space to the category. However, in Humphreys' markets, food chains are not becoming more aggressive.

In the Midwest, Lou Orenstein also does not see food chains doing too much with ethnic. He says they are still not very aggressive in his region. However, the mass merchandisers are.

This year, sources say K mart is reacting by running national ads on ethnic products with 9-percent and 10-percent gross margins. "In the past," said one source, "they would go out at twenty-percent and twenty-two-percent gross."

K mart is also in the process of spending $2.3 billion over five years to upgrade and enlarge new and existing stores.

B&B stores are also continuing to proliferate, although in some areas of the country, such as the East Coast and Middle-Atlantic regions, they have become so saturated that buyers are reporting the start of a shakeout.

Share of ethnic sales by category

Category	Dollar share	% change over last year
Curl activators	24.3%	(9%)
Hair dress & conditioners	20.1	3
Hair relaxers	13.8	4
Moisturizers	8.3	(25)
Curl & wave kits	5.6	(9)
Hair styling products	5.1	4
Combout/oil sheen	4.4	(18)
Skin care products	4.3	1
Wave products	4.2	4
Shaving products	2.8	7
Hair coloring	2.2	11
Shampoos	1.7	(13)
Liquid conditioning	1.6	(3)
Cosmetics	1.0	3
Pressing products	0.6	(21)

Six months through June 1990. Food, drug and mass merchandise stores.
Source: Towne-Oller & Associates

Product key to giving drug chains an edge

To enhance their competitive edge in the ethnic category, drug chains should look very carefully at their product mix. That's what knowledgeable distributors recommend.

They believe that chains have to stay on top of this category, weeding out slow movers and adding hot new items as they come out.

"The successful retailers of the '90s," says Kent Humphreys, president of Jack's Service Company in Oklahoma City, "have to say to customers that they really are in the ethnic products category."

Humphreys says that making a statement in the category may even mean getting into accessories like shower caps, hosiery, cosmetics and even synthetic hair.

"These types of items are all hot in beauty and barber shops right now, and what you see happening is that the beauty and barber shops are taking share away from the chain drug stores," he adds.

"B&B stores carry everything," says Lou Orenstein, president of Judith Lynn Beauty Supply in Chicago. "They don't try to judge from yesterday what black consumers will want today. In this category, you can't wait for Towne-Oller to make a report. They are not going to have the latest hot new products, and that's what drives sales."

Orenstein also recommends that chain drug stores stock plastic shower caps. "They're our number-one item," he says. "Black consumers have to have them to process their hair. We sell millions of caps to the B&B shops."

The caps also sell well in some drug chains, but not everyone stocks them. Thrift has done a good job in this category, our sources tell us, and so have some Oscos, but many other major chains are missing the boat. Distributors emphasize that this is a high-use, high-tonnage category.

Picks and combs are a similar type of opportunity. Chuck Lewman of Paul's Sundries calls them the "bread and butter of the category." They're not high priced. The use-up rate is high, and they've very popular with black consumers. Many distributors say drug chains as a whole neglect this category. "It's almost like an afterthought," says Lewman, "but you have to make a conscious decision to be in this category because you do need an assortment. It has to be more than just a Goody section, because a Goody section is not where most ethnic consumers shop. They shop the ethnic department."

Lewman thinks that the brand doesn't matter as much in this category as long as the product is good quality. He says boar bristle brushes sell best because they are strong.

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Fragrance merchandising audit BEAUTY TRENDS

Chains gearing up to maximize Christmas fragrance sales

Now that the buying for Christmas 1990 is over, chain drug stores are getting ready for their next hardest task: implementing the merchandising programs developed to maximize Christmas sellthroughs.

The implementation process is especially critical for fragrances. In many chains, buyers say this category literally lives and dies depending on how well it sells at Christmas.

For the third consecutive year *Drug Store News* and SPAR/ Burgoyne Marketing and Information Services have done a Christmas fragrance audit of chain drug stores. The audit's purpose is to examine how effectively fragrances were merchandised at the store level. For the Christmas 1989 audit, SPAR/Burgoyne researchers visited 364 chain drug stores in 20 major markets.

To help analyze the audit, *Drug Store News*, earlier this year, shared the SPAR/Burgoyne findings with close to a dozen cosmetic merchandisers, buyers and fragrance venders.

Basically the retailers were all with companies in the Top 15 highest volume drug chains, and each reported some growth in their fragrance sales last Christmas. Most attributed their gains to a variety of factors including: giving fragrances more display space, trying to stay in stock on the most in demand brands, and trying to give customers a broader selection of the most popular department and designer brands.

In analyzing where they generated the strongest growth, most buyers said it came from new launches like Ex Cla Ma Tion!, Dare, California and Aspen as well as from department store brands like Red, Obsession, and Passion.

But many buyers also said they were somewhat disappointed in the sale of traditional mass market brands, and after studying the fragrance audit, some sources think they found out why some of the popular mass brands were softer in '89 than in prior years.

In-store support needed

In many cases, some of these select brands weren't well supported at store level. Although most of the major manufacturers were aggressively advertising these lines on TV and print, as our vender sources pointed out, the audit revealed that many chain drug stores were not following through with merchandising support. They weren't using off-shelf store displays that tied into the print or TV ads.

Consequently, some buyers felt that some mass brands got lost in the shuffle and as a result, chain drug stores couldn't maximize selling opportunities.

This year, buyers who reviewed SPAR/Burgoyne findings, said they will try to give more visible placement to the leading mass brands, and some said they will actually play down their presentation of department store brands.

This is partly to achieve a better overall balance between displays for the key mass brands, lesser known price/value brands, and displays for upscale department store lines; and partly to encourage stronger sales of mass brands because they have

Continued on page 60

If chains merchandise fragrances under glass without providing service, buyers say they are locking themselves into a no-win situation. Shrink may be reduced, but at what cost to incremental sales?

How space allocations have changed for fragrances at Christmas

(Christmas 1989 vs. 1988 and 1987, total feet)

	1989	% change '89 vs. '88	1988	% change '88 vs. '87	1987	% change '89 vs. '87
All women's	47,419	(1%)	47,896	18%	40,442	17%
All men's	25,538	2	25,098	20	20,823	23
All fragrances	72,957	0	72,994	19	61,265	19

Source: *Drug Store News* and SPAR/Burgoyne Marketing & Information Services

Too much of a good thing spells trouble for fragrances

Last Christmas, there were so many new fragrance launches and such a great availability of diverted designer fragrances, that chain drug store fragrance buyers and merchandisers really did have too much of a good thing.

Between the new launches and the easy availability of department store brands like Obsession, Giorgio, and Estee Lauder, there wasn't enough space within most fragrance departments to do equal justice to the merchandising of the most popular mass brands like Charlie, Lady Stetson and Vanderbilt, Stetson, Chaps or Old Spice. As a result, many popular mass brands received less on shelf and promotional display space last year, and, buyers getting ready to merchandise Christmas 1990, will be facing tough merchandising decisions.

"This year with department stores in such financial disarray," said the source for one major chain in the northeast, "designer fragrances are extremely easy to obtain. And on your terms. If I decide not to

Continued on page 62

Ranked comparison of how select chain drug stores merchandised fragrances at Christmas

Chain (HQ)	Average everyday department size	Average additional promotional space given at Christmas	Total Christmas display space	% increase over everyday displays
Revco D.S. *(Twinsburg, Ohio)*	60.5'	99.9'	160.4'	165%
Eckerd Drug *(Clearwater, Fla.)*	92.6	145.8	239.7	157
Rite Aid *(Shiresmantown, Pa.)*	33.7	45.8	79.5	136
Sav-on *(American Stores, Chicago)*	157.0	210.0	367.0	134
Walgreens *(Chicago)*	96.9	113.4	210.3	117
Pay Less Drug Stores *(K mart, Wilsonville, Ore.)*	117.1	136.4	253.5	116
Longs Drug *(Walnut Creek Calif.)*	166.9	177.3	371.7	106
Thrifty Drug *(Los Angeles)*	141.4	128.9	270.3	91
CVS *(Woonsocket, R.I.)*	80.2	70.2	150.4	88
Average for all chain drug stores	104.0	102.6	206.6	99

Source: *Drug Store News* & SPAR/Burgoyne Marketing & Information Services

Study methodology

The *Drug Store News* Christmas fragrance audit was implemented by SPAR/ Burgoyne, a national research firm that specializes in marketing information and merchandising services for consumer product manufacturers.

Through its national field organization of over 1,000 people, SPAR/Burgoyne monitors brand and category activity among food, drug and mass merchandise and other retail outlets on an ongoing basis.

The firm also provides an in-store merchandising force to support client efforts at point-of-sale.

SPAR/Burgoyne's research capabilities also include retail sales measurement and analysis of new product and advertising activities in hundreds of test markets across the country.

The firms Consumer-Views group provides custom survey research and analysis among both consumers and trade audiences.

For the 1989 Christmas fragrance audit, SPAR-/Burgoyne monitored fragrance merchandising in 364 chain drug stores in 20 major markets. The audit was performed on Nov. 9, 1989. All measurements were taken in linear inches.

Fragrance merchandising audit

BEAUTY TRENDS

Chains gear up holiday merchandising plans for fragrances

Continued from page 59

higher gross margins than discounted designer fragrances.

Fragrance display space

Overall, buyers who saw our survey were satisfied with the amount of total display space that fragrances were given for Christmas, 1989 and how fast the stores got their displays up.

According to the SPAR/Burgoyne audit, 74 percent of the 364 stores in the survey had their holiday displays up by the week of Nov. 5. As one buyer said, that means most stores were capturing impulse gift purchases immediately after Halloween clean-ups.

Between regular shelf space and additional promotional display space, the fragrance category was as visible in 1989 as it was in 1988. Men's fragrances were given a a little more display space last Christmas than they were in 1988, up 2 percent, while women's were given a little less, down 1 percent in 1989 versus the prior year.

Distribution worries

Since mass market fragrance brands are the heart of most chain drug store fragrance programs, buyers said they were surprised and somewhat worried about gaps in distribution.

In the 364 stores in the study there were cases of serious out-of-stock problems on major brands like Jovan Musk for Women, Ex Cla Ma Tion!, Le Jardin de Max Factor, Hero, English Leather, Chaps and Old Spice Cologne.

In some cases, it was clear that some chains were moving slowly in getting new launches like Ex Cla Ma Tion!, Almay, Dare and California into their stores in time for Christmas .

There were, for example, 138 stores, 38 percent of the survey, that were not in stock on California, which is generally considered the best mass women's fragrance launch of 1989.

In other cases, it looked like some stores simply hadn't received deliveries on major established brands like Charlie, Jovan Musk for Women, Lady Stetson, Le Jardin, Chantilly, Old Spice Cologne, Stetson, and English Leather.

For example, 7 percent of the stores we surveyed were not in stock with Lady Stetson the day of our Christmas audit, Nov. 9. Eleven percent were out of Xia Xiang, and 27 percent were not carrying Jovan Musk for Women.

In men's fragrances, the picture looked similar. Old Spice, the clear leader in unit sales, was in stock in only 87 percent of the surveyed stores last Christmas. Stetson, the number one brand in dollar sales, was out-of-stock in 6 percent of the stores surveyed the day of our audit.

According to our last audit, the growth segments are new launches like Ex Cla Ma Tion!, Dare, California and Aspen as well as department store brands like Red, Obsession, and Passion.

Some buyers felt part of the stocking problem was do to the extra workload pressures of Christmas. Operations people are busy and if a cosmetic department doesn't have a trained cosmetician or cosmetic merchandiser overseeing it, even top sellers like Old Spice or Stetson can be out-of-stock.

In fact, some buyers said that brands from Coty or Cosmair might have faired worse if both these manufacturers didn't have reasonably strong service programs in place. "Coty has the best service program in the business and Cosmair's been getting better and better," said one source. "I think their in-stock rates and their display space was as much due to their reps as it was to our sales clerks."

Display inconsistencies

The audit also found inconsistencies in display space given to fragrances. Charlie, Lady Stetson and Vanderbilt are three of the strongest and most popular mass brands yet just 63 percent of all stores displayed Charlie; 69 percent displayed Lady Stetson, and 64 percent displayed Vanderbilt. Buyers consistently said how "hot" California was in 1989, yet only 32 percent of the stores surveyed displayed it.

Dare, as a new launch, also did well in sales in 1989. But if more than 39 percent of all chain stores had displayed it, it might have done even better, according to sources.

Men's brands were treated a little more generously in terms of Christmas display space, but there were still missed opportunities. Aspen, for example, was new and hot, but only 42 percent of all stores displayed it. Although 96 percent of the stores in our survey had Jovan Musk, just 64 percent displayed it and just 58 percent of stores who had Old Spice displayed it. Stetson, the leader in men's dollar sales, was displayed in just 69 percent of all stores.

Fragrances under glass

One buyer said that when chains merchandise fragrances under glass, they are locking themselves into a no win situation, especially if they don't have anyone in the cosmetics department to service customers.

"We lock our fragrances up, even at major holidays like Christmas," the buyer said. "We don't provide service. We don't get all the displays up in time, and consequently we never generate all the sales we should have had."

Comparison of display strategies for men's fragrances

(Christmas 1989 vs. Christmas 1988 and 1987)

	% of stores using these types of displays		
Displays	**1989**	**1988**	**1987**
Endcaps	42.2%	46.0%	47.3%
Counters	35.8	31.8	22.9
Island or freestanding	51.8	52.9	52.7
Expanded shelf space	45.2	50.4	42.3
Under glass	54.2	49.0	45.6

Source: *Drug Store News* & SPAR/Burgoyne Marketing & Information Services

Men's fragrances efficiency index: Return on investment by footage

(Share of dollar and unit sales correlated to share of total display space)

	Dollar index	Unit index	Average linear ft. of display space
Old Spice	130.5	195.0	7.3′
Pierre Cardin	117.5	86.6	3.5
Santa Fe	95.2	84.6	2.4
Stetson	109.1	100.0	7.4
English Leather	93.7	153.9	6.1
Iron	93.1	79.8	2.9
Night Spice	92.6	92.6	1.9
Chaps	85.0	60.1	4.9
Hero	82.1	76.0	3.2

Note: This space to sales ratio was determined by dividing brand share for the November/December period in drug stores by Spar's measurements of share of total space allocations for the brands mentioned.
Source: *Drug Store News* & SPAR/Burgoyne Marketing & Information Services

Comparison of display strategies for women's fragrances

(Christmas 1989 vs. Christmas 1988 and 1987)

	% of stores using these types of displays		
Displays	**1989**	**1988**	**1987**
Endcaps	45.9%	45.7%	44.0%
Counters	39.8	36.8	34.3
Island or freestanding	59.0	61.9	59.7
Expanded shelf space	40.4	51.9	41.4
Under glass	64.8	68.6	62.7

Source: *Drug Store News* & SPAR/Burgoyne Marketing & Information Services

Women's fragrances efficiency index: Return on investment by footage

(Share of dollar and unit sales correlated to share of total display space)

	Dollar index	Unit index	Average linear ft. of display space
Charlie	160.9	154.1	5.0′
Ex Cla Ma Tion	140.4	156.6	4.0
Xia Xiang	129.0	113.5	3.7
Vanderbilt	104.3	85.6	6.4
Lady Stetson	88.6	108.7	4.3
Primo	79.5	121.9	3.6

Note: This space/sales ratio was determined by dividing brand share for the November/December period in drug stores by SPAR's measurements of share of total space allocations for the brands mentioned.
Source: *Drug Store News* & SPAR/Burgoyne Marketing & Information Services

BEAUTY TRENDS | **Fragrance merchandising audit**

Fragrances vying for display space

Continued from page 59

take Polo at a 15 percent discount on Monday, I know someone will offer me an 18 perecent discount on Tuesday."

"There are so many SKUs available," says Genovese's cosmetic merchandiser Stephanie Hayter, "that we have cut back on even the better selling mass brands."

Inventory turns

"Today, the financial people worry about nothing as much as turn of inventory," said a buyer for a major mid-west regional chain fighting to strengthen its cosmetic franchise with consumers. "The inventory turn in dollars and cents is their key measurement of profitability. But at some point if you cut back on presentations to reduce inventory or if you lock inventory up to reduce shrink, you wind up just about going out of business.

"Many financial guys can even see the down the road consequences of cutting space themselves just as merchandisers can. But in their position, they don't see any way around the dilemma," he added.

Not a surprise

Many of the approximately one dozen chain drug cosmetic buyers and cosmetic venders who helped us interpret the findings from the *Drug Store News* SPAR/Burgoyne 1989 Christmas fragrance audit, say they weren't very surprised by some of the trends SPAR identified.

"The space allocation changes in SPAR coincided with what we had on counter in 1989," Genovese's Hayter said. "Even though Charlie's dollar sales were growing, we had to cut space. In our stores, we had to cut back on the mass brands, even the best sellers to make room for the new launches and the designer scents."

Several buyers said they feel they lost space for their category because their year to date growth in fragrance gift sets sales hasn't been able to keep pace with sales of other gift set items like candies or appliances.

Better display fixtures

This year, more buyers are hoping to reverse that trend by taking greater advantage of the higher quality off shelf display fixtures that many of the major fragrance houses are shipping, especially the tower or etagere displays that some chains experimented with last Christmas.

This year, for example chains like SupeRx, Genovese, Eckerd's, will be using the new etagere displays from companies like Revlon, Cosmair, Coty, and Prince Matchabelli, as part of a concentrated effort to "get more product out in front of the customer" as SuperRx's cosmetic buyer Mike Russell puts it.

Last year several of the buyers we talked to reported they used Revlon and Prince Matchabelli's two foot by two foot plastic modular displays, and found that they helped generate impulse sales and also proved to be durable and attractive enough to be used beyond Christmas, even for spring promotions during Mother's Day.

Shrink a problem

At Christmas 1989, the SPAR/Burgoyne findings revealed that more chains felt compelled to merchandising fragrances under glass, even the mass brands whose selling prices are moderate compared to the $50 and $60 discounted prices for designer scents.

"It's unfortunate, but true," said one buyer, "that if a fragrance retails for anything over $10 these days, it has to be locked up. When something comes out for over $20, you can expect to find it in a safe."

Continued on page 64

Drug chain strategies for merchandising key men's fragrances at Christmas

Brand	% of stores carrying brands: '89	% change '89 vs. '88	(Among stores carrying brands) % of stores giving promotional display space: '89	(Among stores carrying brands) % change in stores giving promo display space: '89 vs. '88
Jovan Musk	96%	8%	64%	10%
Stetson	94	0	69	(7)
Hero	93	22	63	9
English Leather	89	3	62	(2)
Chaps	89	(5)	59	(3)
Pierre Cardin	89	6	50	11
Old Spice Cologne	87	2	58	(6)
Adidas	84	*	50	*
Iron	83	(6)	45	(17)
Santa Fe	81	13	44	(8)
Night Spice	79	5	35	(5)
Aspen	62	*	42	*
That Man	44	*	29	*

*New fragrance

Source: *Drug Store News* and SPAR/Burgoyne Marketing & Information Services

Drug chain strategies for merchandising key women's fragrances at Christmas

Brand	% of stores carrying brands: '89	% change '89 vs. '88	(Among stores carrying brands) % of stores giving promotional display space: '89	(Among stores carrying brands) % change in stores giving promo display space: '89 vs. '88
Vanderbilt	98%	7%	64%	2%
Charlie	97	0	63	(14)
Chantilly	94	4	64	(06)
Lady Stetson	93	0	69	1
Primo	90	1	59	(14)
Xia Xiang	90	22	57	6
Le Jardin de Max Factor	89	0	55	(14)
Ex Cla Ma Tion	79	41	57	46
Almay Fragrance	71	20	29	0
Dare	69	*	39	n.a.
Night Rhythms	68	n.a.	41	n.a.
Jovan Musk	63	n.a.	63	n.a.
California	62	*	32	n.a.
Electric Youth	55	n.a.	16	n.a.

*New fragrance

N.A. means not tracked previously

Source: *Drug Store News* & SPAR/Burgoyne Marketing & Information Services

Percentage of stores using POP to support select men's fragrances last Christmas

Brand	% of stores with POP	% change '89 vs. '88
Adidas	15.0%	n.a.
Aspen	48.7	n.a.
Chaps	24.5	6%
English Leather	24.0	10
Hero	24.9	(27)
Iron	28.8	9
Jovan Musk	20.2	(8)
Night Spice	29.1	1
Old Spice	23.2	7
Pierre Cardin	26.9	17
Sante Fe	28.1	(11)
Stetson	31.2	1
That Man	51.9	n.a.
All men's fragrances	52.7	n.a.

Source: *Drug Store News* & SPAR/Burgoyne Marketing & Information Services

Percentage of stores using POP to support select women's fragrances last Christmas

Brand	% of stores with POP	% change '89 vs. '88
Almay	21.5%	(36%)
California	23.9	n.a.
Chantilly	18.4	(29)
Charlie	29.6	19
Dare	24.6	n.a.
Electric Youth	27.1	n.a.
Ex Cla Ma Tion	37.3	(4)
Jovan Musk	22.7	n.a.
Lady Stetson	29.5	17
Le Jardin	23.1	(30)
Night Rhythms	32.4	n.a.
Primo	31.0	(12)
Vanderbilt	28.9	(4)
Xia Xiang	33.3	(21)
All women's fragrances	52.0	n.a.

Source: *Drug Store News* & SPAR/Burgoyne Marketing & Information Services

BEAUTY TRENDS | Fragrance merchandising audit

Fragrances competing for display space

Continued from page 62

"The fragrance category," says another buyer, "yields the highest dollar returns for shoplifters. It's the most desirable category to steal."

This year, chains like Revco, Thrifty, Genovese, Super-Rx, Eckerd, and Austin are trying to work harder with venders like Cosmair, Revlon and Coty to find better ways to reduce shrink, and if possible get fragrances back out in a self service environment.

Some chains with bullpens in their cosmetic departments are experimenting with a modified enclosure that would leave one side of the bullpen open for self serve merchandising.

Chains like Peoples, Fay's, and Genovese are trying to adopt a department store fixture, a step platform, into one side of their bullpen. Three sides of the bullpen may be glass, but one side is left open and steps are installed where previously there would be a glass wall. Open stock can be displayed on these steps just as it is displayed in department stores.

More advertising

This year, more chains will do display contests to tie in with major launches like Revlon's Unforgettable, and Noxell's Navy.

Many chains are also using co-op dollars to advertise their fragrance selection, particularly with the newer brands, on television and radio.

In high volume cosmetic stores, more vender reps will stage week-end events like fragrance spritzing, product sampling, or, in some cases, helping to supplement the service efforts of the chain's own store cosmeticians by helping to work the store or recommending the products made by the company they represent.

To help keep inventories lean but sufficiently full to prevent out-of-stocks this Christmas, many chains are improving their reordering systems. DMs and cosmetic supervisors are teaching their store cosmeticians why reordering correctly is so important, and how it should be done so stores are neither out-of-stock nor overstocked.

Many chains cleaned out their fragrance inventory in June so they would be prepared for a leaner Christmas.

This year too, chains are watching the number of gift sets they buy. Some buyers are going to try to maintain a 65 percent or 75 percent ratio of basic stock to gift sets.

Gift sets have to be returned if they don't sell through or they have to be marked down, and some buyers can't afford the expense of doing either.

Also some buyers complain that venders don't give enough of an allowance to cover the cost of mark-downs, meaning that for some chains, "marking down a gift set isn't worth the bother. If we mark it down 50 percent to sell it through and venders only give us 25 percent or less to cover the mark down, we wind up losing money. It's better just to send it back and get the credit."

"I think a lot of people buying gifts prefer to put their money into the larger sizes of the perfumes and cologne that they know a woman likes rather than to get her a talc or a cream that she might not use," said one buyer.

Single-stock orders

Some chains are trying to find the right conservative balance of stock by shifting single stock orders from headquarters down to the store.

One buyer said this Christmas, his company is letting each of its stores place their own orders for single stock. "Instead of us sending in a certain pre-set number of items out in September like we did last year, we're going to let the stores order what they think they'll need six weeks in advance of an ad taking place. This way each store can buy into its needs and they can buy in closer to the event, so we may be able to prevent overstocking."

This chain is also prohibiting any distribution of basic stock pre-packs into its stores to prevent over-inventorying any one item, and they're also being very cautious with their color shade promotions.

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FINANCIAL

Rite Aid's 2nd quarter sees hikes in net, sales

SHIREMANSTOWN, Pa. — Rite Aid Corp. tallied a 10.4-percent increase in income from continuing operations and a 7.4-percent gain in revenues for the second quarter ended Sept. 1.

Corporate income from continuing operations rose to $21.5 million, or 52 cents per share, from $19.5 million, or 47 cents per share, in the comparable period last year. Corporate revenues for the quarter were $826.2 million, compared with $768.9 million.

Year to date, corporate sales gained 8.7 percent, to $1.7 billion, and income from continuing operations was $46.7 million, compared with the year-earlier period's $42.8 million.

Drug store revenues were up 6.8 percent for the quarter, to $780.8 million, and net income was up 10.2 percent, to $20.4 million. Same-store sales increased 6.5 percent for the quarter and 7 percent for the 26 weeks.

Rite Aid was operating 2,378 drug stores as of Sept. 1, a net gain of 23 units for the quarter.

In Rite Aid's other divisions:

- Concord Custom Cleaners, which operates 170 dry cleaning outlets, posted a net loss of $348,000 for the quarter, versus income of $60,000 for the year-earlier period, while sales increased 12.6 percent, to $5.7 million. Rite Aid bought the dry-cleaning business when it acquired Begley Drug in Kentucky two years ago.
- Sales in the American Discount Auto Parts (ADAP) division increased 28.8 percent for the second quarter, to $19.4 million, and net income grew to $464,000 from $153,000.
- Sera-Tec Biologicals, which operates 27 plasma collection centers, posted sales of $11.3 million for the 13 weeks, a 20.5 percent increase. Net income for the quarter advanced 47.2 percent, to $795,000.
- Encore Books sales were up 5 percent, to $8.97 million for the quarter, while net income declined to $168,000 from $204,000 the previous year. Encore opened eight stores during the quarter, for a total of 59 stores.

Cardinal's first-qtr. net climbs 40 percent

DUBLIN, Ohio — A 19-percent sales increase caused Cardinal Distribution, Inc.'s net income to climb 40 percent, to $3.3 million, for the first quarter ended June 30, the wholesaler said.

Sales for the period were $242.1 million. The results included less than two weeks' revenues from the recently acquired Ohio Valley-Clarksburg, Inc.

During the quarter, Cardinal completed a $75-million offering of 7¼ percent convertible subordinated debentures, with a $5 million overallotment amount. Proceeds will be used for operations and debt reduction, the company said.

Cardinal also announced at its recent annual meeting that its board of directors had authorized a five-for-four stock split, effective Sept. 30, for shares held as of Sept. 15.

Pricing pays: Drug Emporium sales up 24%

COLUMBUS, Ohio — A 24-percent increase in sales, to $141.1 million, was posted by Drug Emporium for the first quarter ended May 31, with same-store sales up 13 percent, the deep discounter reported.

Net income climbed from $1,758,000 to $1,832,000.

Gary Wilber, chief executive officer, noted that earnings figures for last year's period benefited from vendor rebates totalling $1 million, and that this year's figures were "stronger than expected," reflecting "continued progress toward leveraging sales increses into higher operating profits."

Wilber attributed the sales increase to a "refined pricing strategy" adopted last year.

The company opened one new store during the quarter and began operating the three recently acquired stores in Minneapolis.

MARKET DIARY:

Largest Dollar Gainer	Cardinal Dist, Marion Labs	$ 0.75	Advances	4
Largest Dollar Loser	American Stores	$ – 10.00	Declines	47
Largest Percentage Gainer	Taro-Vit Industries	25.00%	Unchanged	6
Largest Percentage Loser	Columbia Labs	– 31.88%	New highs	1
			New lows	9

	Close 9/10/90	Close 9/25/90	Net Change	Percent Change
Drug Store News Index	2997.06	2840.22	– 156.84	– 5.23
Dow Jones Industrial Average	2615.59	2485.64	– 129.95	– 4.97
Standard & Poor's 500-Stock Index	321.63	308.26	– 13.37	– 4.16
N.Y.S.E. Composite	176.70	169.20	– 7.50	– 4.24
Value Line Index	208.54	193.95	– 14.59	– 7.00

Source: Nordby International Inc., Boulder, Colo.

DRUG STORE NEWS INDEX

Exch	Company	Ticker Symbol	Closing Price 9/10/90	Closing Price 9/25/90	Net Change In Period	Percent Change In Period	P/E Ratio	Annual Dividend Rate	Annual Dividend Yield	Annual High	Annual Low
Chain store transactions											
OTC	Accuhealth Inc.	ACCU	7.00	7.00	0.00	0.00	—	0.00	0.00	7.56	2.88
OTC	Arbor Drugs	ARBR	16.88	17.00	0.13	0.74	15	0.16	0.94	23.25	16.25
OTC	Big B (L)	BIGB	7.00	6.38	– 0.63	– 8.93	– 18	0.16	2.51	14.75	6.38
OTC	Drug Emporium	DEMP	8.38	8.00	– 0.38	– 4.48	13	0.10	1.25	12.75	6.25
NYS	Fay's Inc.	FAY	8.50	8.00	– 0.50	– 5.88	11	0.20	2.50	13.63	7.50
ASE	Genovese Drug (L)	GDX.A	7.00	6.63	– 0.38	– 5.36	14	0.24	3.62	11.75	6.50
NYS	Longs Drug Stores	LDG	35.13	34.25	– 0.88	– 2.49	11	1.04	3.04	48.50	33.50
OTC	Medicine Shoppe	MSII	23.00	18.75	– 4.25	– 18.48	18	0.24	1.28	26.75	17.75
NYS	Perry Drug	PDS	8.13	7.00	– 1.13	– 13.85	13	0.00	0.00	10.63	6.75
NYS	Rite Aid Corp.	RAD	33.38	31.88	– 1.50	– 4.49	15	0.88	2.76	41.13	29.50
NYS	Walgreen Co.	WAG	45.63	44.38	– 1.25	– 2.74	16	0.80	1.80	53.25	39.88
Wholesaler's transactions											
ASE	Bergen Brunswig	BBC	23.00	22.63	– 0.38	– 1.63	13	0.40	1.77	29.63	20.50
OTC	Bindley Western Ind.	BIND	12.00	10.75	– 1.25	– 10.42	15	0.04	0.37	14.25	9.13
OTC	Cardinal Distribution	CDIC	26.00	26.75	0.75	2.88	20	0.08	0.30	29.75	19.75
OTC	Durr-Fillauer	DUFM	24.50	24.50	0.00	0.00	16	0.28	1.14	27.00	19.38
ASE	Ketchum	KCH	1.88	1.63	– 0.25	– 13.33	– 1	0.00	0.00	5.13	1.63
NYS	McKesson Corp.	MCK	32.38	31.50	– 0.88	– 2.70	14	1.60	5.08	38.38	30.38
ASE	Moore Medical (L)	MMD	5.00	4.50	– 0.50	– 10.00	– 6	0.00	0.00	13.88	4.50
NYS	Owens & Minor	OMI	12.13	10.88	– 1.25	– 10.31	18	0.24	2.21	14.63	10.63
Manufacturer's transactions											
NYS	Abbott Labs	ABT	40.50	39.63	– 0.88	– 2.16	19	0.84	2.12	45.63	30.75
NYS	American Home Products	AHP	47.50	47.50	0.00	0.00	13	2.12	4.46	55.13	43.00
NYS	Baxter International	BAX	24.00	23.63	– 0.38	– 1.56	– 58	0.64	2.71	27.50	20.50
OTC	Block Drugs Co.	BLOCA	32.25	32.00	– 0.25	– 0.78	12	0.68	2.13	38.00	31.75
ASE	Bolar Pharmaceutical	BLR	4.88	4.88	0.00	0.00	– 29	0.04	0.82	22.63	3.50
NYS	Bristol-Myers Squibb	BMY	60.13	57.75	– 2.38	– 3.95	34	2.12	3.67	65.88	49.50
NYS	Carter-Wallace (L)	CAR	45.88	45.25	– 0.63	– 1.36	14	0.92	2.03	60.50	44.88
ASE	Columbia Labs (L)	COB	8.63	5.88	– 2.75	– 31.88	– 5	0.00	0.00	17.88	5.88
ASE	Forest Labs	FRX	43.38	40.88	– 2.50	– 5.76	26	0.00	0.00	48.38	33.63
ASE	Halsey Drug	HDG	3.13	3.00	– 0.13	– 4.00	100	0.00	0.00	6.94	2.13
NYS	ICN Pharmaceutical	ICN	3.13	3.00	– 0.13	– 4.00	0	0.00	0.00	6.50	2.50
ASE	Lee Pharmaceutical	LPH	1.63	1.50	– 0.13	– 7.69	– 5	0.00	0.00	3.13	1.38
ASE	Leiner P. Nutrition	PLI	8.63	7.75	– 0.88	– 10.14	10	0.00	0.00	14.00	7.50
NYS	Lilly Eli Co.	LLY	75.25	72.25	– 3.00	– 3.99	20	1.64	2.27	90.38	58.75
NYS	Marion Labs	MKC	31.00	31.75	0.75	2.42	102	0.80	2.52	36.00	21.00
NYS	Merck Co.	MRK	81.00	75.13	– 5.88	– 7.25	18	2.24	2.98	91.13	67.00
NYS	Mylan Labs	MYL	19.38	18.50	– 0.88	– 4.52	22	0.20	1.08	25.38	13.75
NYS	Par Pharmaceutical	PRX	5.63	5.38	– 0.25	– 4.44	– 6	0.00	0.00	8.25	4.75
NYS	Pfizer Inc.	PFE	71.00	70.75	– 0.25	– 0.35	17	2.40	3.39	76.25	54.50
NYS	Rorer Group	ROR	75.75	75.75	0.00	0.00	36	0.84	1.11	78.25	39.75
NYS	Schering Plough	SGP	46.00	44.00	– 2.00	– 4.35	19	1.12	2.55	50.75	35.63
NYS	Syntex Corp.	SYN	57.38	51.63	– 5.75	– 10.02	17	1.60	3.10	63.75	40.00
OTC	Taro-Vit Industries (H)	TAROF	2.00	2.50	0.50	25.00	– 36	0.00	0.00	2.50	0.88
NYS	Upjohn Co.	UPJ	37.50	34.50	– 3.00	– 8.00	19	1.00	2.90	44.63	32.88
NYS	Warner-Lambert	WLA	62.88	59.63	– 3.25	– 5.17	18	1.52	2.55	70.13	49.63
OTC	Zenith Labs	ZENL	6.25	6.25	0.00	0.00	0	0.00	0.00	14.00	3.50
Other retailer transactions											
NYS	Albertson's	ABS	32.38	31.25	– 1.13	– 3.47	20	0.48	1.54	37.63	24.38
NYS	American Stores	ASC	64.75	54.75	– 10.00	– 15.44	13	1.12	2.05	71.50	51.38
NYS	Giant Food	GFS.A	25.00	23.75	– 1.25	– 5.00	13	0.60	2.53	31.63	23.38
NYS	Great Atlantic&Pacific Tea	GAP	50.75	49.25	– 1.50	– 2.96	0	0.00	0.00	65.38	48.25
NYS	K mart (L)	KM	26.00	24.13	– 1.88	– 7.21	15	1.72	7.13	40.50	24.00
NYS	Kroger	KR	14.38	13.75	– 0.63	– 4.35	72	0.00	0.00	19.00	11.75
NYS	Melville Corp. (L)	MES	40.50	38.50	– 2.00	– 4.94	11	1.40	3.64	57.75	38.50
OTC	Fred Meyer (L)	MEYR	13.75	11.75	– 2.00	– 14.55	– 56	0.00	0.00	22.00	11.25
NYS	Penney, JC (L)	JCP	45.50	42.00	– 3.50	– 7.69	7	2.64	6.29	75.63	41.00
NYS	Safeway	SWY	14.00	12.75	– 1.25	– 8.93	46	0.00	0.00	16.88	11.63
NYS	Smith's Food & Drug	SFD	29.00	25.88	– 3.13	– 10.78	21	0.28	1.08	34.50	20.88
NYS	Wal-Mart	WMT	27.00	26.38	– 0.63	– 2.31	25	0.12	0.45	36.75	18.50

Key: (H) = New high in period. (L) = New low in period. (d) = Deficit. NYS = New York. ASE = American. OTC = Over the counter. (s) = Reflects stock split.
Source: Nordby International, Inc., Boulder, Colorado

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The California State Lottery ad (p. 45) and Food Merchandising (pp. 32A-P) appear regionally.

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DRUG STORE NEWS®

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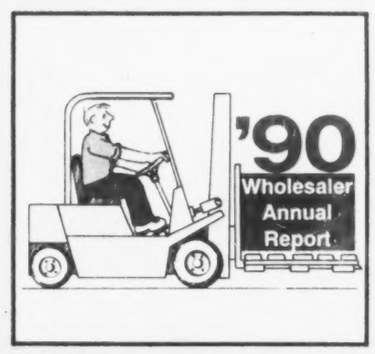
LATE NEWS

•DEERFIELD, Ill. — Walgreen Co. scored its 16th consecutive year of record sales and earnings in fiscal 1990, with net income up 13.2 percent to $174.6 million and sales topping $6 billion, a gain of 12.4 percent. Pharmacy sales topped the $2 billion mark. The board of directors raised the quarterly dividend to 23 cents per share from 20.

•BENTONVILLE, Ark. — Wal-Mart Stores has agreed to buy McLane Co., a $2.6 billion (sales)Texas-based food and general merchandise distributor.

FEATURES

Triple A brands earn laurels
Annual rankings of market-making items show proven brands are driven by ongoing vendor support. **Page 17.**



Wholesalers eye hopeful future
Business is on an upswing and 1990 is expected to be an overall good year for wholesalers. **Page IP1.**

Revco's creditors seek control

By James Frederick

AKRON, Ohio — Revco's creditors have asked U.S. Bankruptcy Court to terminate Revco's exclusive right to file a financial reorganization plan, in a bid to file a plan of their own with the court. The move could touch off a struggle for control of

For first quarter results see page 38

Revco between its creditors and its current equity holders, who comprise the majority of its nine-member board of directors.

The three committees—representing Revco's trade creditors, bondholders and lending banks—filed a motion Oct. 3 asking the court to void Revco's exclusivity rights and allow the committees to present their own plan to pull the company out of Chapter 11. A hearing is set for Oct. 23 on the motion.

Supporting the plan

Significantly, Revco's management team, which has been closely involved in negotiations with the three committees since the company entered Chapter 11 in mid-1988, has indicated its support for the creditors' reorganization plan. The plan calls for current management to be retained.

'There is probably at least an even chance there will be a competing plan filed (Oct. 23)... by the board, representing the equity partners.'

-McCormick
trade creditors' committee

Two of Revco's top managers, chairman and ceo Boake Sells and chief financial officer Greg Raven, serve on the boards of Revco and its parent company, ANAC Holdings.

Continued on page 10

Fantle's leases grabbed

Deep discounters lock horns in D.C.

WASHINGTON, D.C. — Drug Emporium Corp. has signed leases for six former Fantle's Drug stores, while F&M, Rite Aid and Peoples reportedly show keen interest in some of the other leases on the auction block as the Fantle's liquidation proceeds.

Drug Emporium president Bob Lyons confirmed that the deep-discount drug chain has secured six leases for 20,000- to 25,000-square-foot stores in Virginia and Maryland suburbs, which will bring Drug Emporium's total store count here to 14.

The deep discounter is shooting for 20-25 stores in this market by February 1992. That will pit it against F&M, which currently operates 12 stores here, and is seriously considering picking up some Fantle's leases.

The six-lease Drug Emporium deal, with an undisclosed pricetag, was negotiated with Combined Properties, after U.S. Bankruptcy Court in Rockville, Md., approved the $9.4 million sale of 12 leases to Combined Properties Aug. 31. Thus, the deal with Drug Emporium does not require court approval.

Combined Properties is controlled by the Haft family. Dart Drug was founded by Herbert Haft in the 1950s, was sold to a management group in 1984, and was bought in 1987 by a group led by Sheldon "Bud" Fantle, who operated the stores as Fantle's.

See **Fantle's** *page 37*

Affil./Assoc. show set to roll with 132 vendors

By Dave Vaczek

NEW YORK — Jim Devine, the recently elected president of Affiliated/Associated Chain Drug Stores, didn't wait for the Fall Show to put his personal imprint on the association.

Devine

He couldn't afford to. When Devine took over the president's post on Aug. 20, only 62 vendors were signed for the Oct. 18-21 event in Atlanta. Devine and his buyers made the phone lines sizzle through late summer, and by press time, 132 vendors had signed up, four more than last year.

The Atlanta enrollment isn't an unqualified success: Chesebrough-Pond's, Johnson & Johnson, Whitehall and Pfizer's Consumer Health Care division won't be attending this year, Devine said. He does feel that a strong, diverse mix of product and service vendors has been enlisted. Sundries, gifts and baby products (including Remco Baby), are among well-represented categories, with service vendors including Hammacher Associates and Streater Co.

"I'm personally very happy with the mix of vendors we

See **Devine** *page 37*

Revlon puts counterfeiters on notice

By Susan Ball

NEW YORK — Counterfeit fragrances, cosmetics and skin care products are finding their way to the shelves of drug and H&BA stores, in spite of the rigorous precautions many retailers take.

The extent of the problem is difficult to pin down, partly because counterfeiters have become more subtle and partly because cosmetics, fragrance and skin care manufacturers have shied away from the publicity that taking a counterfeiting case to court would bring.

One drug chain executive summed up what other drug store and H&BA merchants told *Drug Store News* when asked whether they had ever gotten burned by inadvertently taking in a counterfeit cosmetic or fragrance: "It has never happened to us, but it is possible. It's very difficult to control."

Above all, they said, "Know whom you're dealing with."

Revlon recently became the first manufacturer to win punitive damages—$500,000—in a cosmetics counterfeiting case involving Revlon's Eterna 27 (6 ounce). In a civil suit filed in U.S. District Court, Eastern District of New York, a jury found 13 individuals and their companies guilty of either counterfeiting, selling or offering for sale thousands of dollars worth of purported Revlon product.

Two defendants, Heaven Scent Cosmetics Ltd. of Brooklyn, N.Y., and its principal, Judith Freier, must pay punitive damages, based on the finding that they manufactured and sold counterfeit Revlon products "willfully, intentionally and with callous disregard for Revlon's trademark rights."

The other 11 defendants are Cosmetics Plus Fifth Ave. Ltd. and principals Kenneth Schwartz and Joel Steinberg; Bracha Export Corp.; McSherry Ltd. and principals David and Hedy Friedman; Cosmetics Plus East Ltd.; Cosmetics Plus Seventh Ltd.; and RTD Distributors and principal Robin Bartosh. They were found to have bought or sold the product, but the jury did not find they had acted intentionally. They and Heaven Scent and Freier must pay conpensatory damages.

The suit involved the registered trademarks "Revlon," "Eterna 27" and "progenitin," a component of the cream.

The counterfeiting scheme was nationwide in scope, Revlon said. Product components were made in several states, reaching from California to Massachusetts; assembled in

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SECOND CLASS

NEWS IN BRIEF

Publix branches out of Florida

LAKELAND, Fla. — After catering exclusively to Floridians for 60 years, supermarket dynamo Publix will expand out of the state, with the planned opening of two stores in Georgia.

The first will be a 48,000-square-foot Publix Food and Pharmacy in Kingsland, Ga.; the second, a 65,000-square-foot store, which Publix terms a "new prototype" to include pharmacy, in Savannah. Construction hasn't yet begun on either store. Of its 370 supermarkets, 28 have pharmacies. Of 20 more stores now under construction, 13 will have pharmacies, a spokesman said.

Publix said both stores will employ Presto! automatic teller machines, and Presto! electronic payment systems at the checkout.

Harris lands $70 M Yankee account

SOLON, Ohio — Harris Wholesale Co. has struck an agreement worth $70 million with Yankee Alliance, a hospital buying group in the Northeast. The 36-month contract will bring Harris "a significant amount of business in New England and western New York," said Yankee Alliance spokesman James Oliver.

Karp adds Moore ceo duties

NEW BRITAIN, Conn. — Mark E. Karp, president of Moore Medical Corp., will become ceo on Jan. 1, 1991, and continue as chief operating officer. Jerald K. Rome will continue as chairman and ceo through Dec. 31.

Court okays Nichols financing

NEW YORK — A federal bankruptcy court has approved a $10 million financing package from Sterling National Bank & Trust Co. that will enable S.E. Nichols Inc. to continue operating during its reorganization.

Nichols, which filed for bankruptcy protection Aug. 2, runs a regional chain of deep discount super drug stores, called Pharmhouse, which were converted from discount department stores.

The loan was approved Sept. 25 by Judge Howard B. Buschman of U.S. Bankruptcy Court for the Southern District of New York.

Krelitz breaks off Eagle talks

MINNEAPOLIS — Krelitz Industries announced it has broken off talks with Eagle Drugs about the possible acquisition of Eagle by Krelitz. Krelitz is an independent drug wholesaler serving the upper Midwest. It also distributes genral merchandise and develops and markets computerized management systems.

Wellby's 39th store bows

SCARBOROUGH, Maine — Wellby Super Drug Stores recently opened its 39th store—the 32nd in Maine—in Kennebunk on Route 1.

"This location will expand our service in the south coastal region of Maine, closing the gap between the Wells and Biddeford stores," said Wellby vp Margaret Urquhart.

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Civil recovery claims help offset chains' security costs

By David Vaczek

Shoplifting is becoming more expensive—for the shoplifters.

Thanks to state civil recovery laws, retailers can often collect from pilferers caught in the act penalties many times the value of damages and stolen goods. What's more, store managers, under these statutes, don't have to spend hours in court.

Not surprisingly, civil recovery has become an integral part of loss prevention programs at some drug chains; it saves managers time and brings in income through collected penalties.

Among its biggest fans: Pay Less NW, Longs, Eckerd and Rite Aid.

Time, expense a problem

But civil recovery isn't universally applauded by retailers, some of whom don't want the expense and labor of pursuing this area of loss control. Yet, as civil recovery laws have spread—37 states have laws today—more drug chains are testing programs.

Continued on page 6

Alco Health Services awarded five-year, $500M HCA account

MARLVERN, Pa. — Alco Health Services Corp. signed a five-year, $500 million primary agreement this month with Hospital Corporation of America (HCA), a contract Alco considers particularly significant because of its length, a spokesman said.

"Contracts of this length are very rare," said Heidi Klein, an Alco spokesman. "Usually a hospital corporation signs a one-year contract. It shows that Alco is doing a significant job for HCA, with which it has been doing business." Alco had been providing pharmaceuticals to about half of HCA's hospitals.

The contract, effective immediately, makes Alco the primary source for HCA's 78 affiliate hospitals in 17 states across the country. The acute-care general hospitals are mainly located in larger cities.

Established in 1968 in Nashville, Tenn., HCA was the first publicly owned hospital management company, but is now privately owned.

HCA vp Joseph D. Moore said, "We are confident in Alco Health Services Corporation's ability to deliver quality product and dependable service as a primary supplier over the next five years."

Alco operates in 30 states, mainly east of the Missouri River.

FoxMeyer's Bob King is king of the here and now

By Elizabeth Richardson

DALLAS — Bob King, president and ceo of FoxMeyer Drug Co., revels in the present—telephone calls, conversation with staff, and tackling matters at hand, rather than worrying about what's ahead.

That's probably a smart tack, given the considerable changes that could occur at FoxMeyer over the next year. The nation's No. 3 wholesaler is on the auction block, without an ardent suitor so far. *(See* Inside Pharmacy *profile, p. IP22, part of the Wholesaler Annual Report.)*

Bob King
Hands firmly on the present

"Until I became president and ceo, I never really did a whole lot of thinking about the future, planning and strategy," he explains. "I've always been the type of person who likes to be at the controls and heart of an operation—to dial the dials and pull the levers," he explains. "I'll get in my car every morning for my commute and start talking on the phone and see what's going on."

This hands-on approach has paid off. After two years of King's being at the helm, FoxMeyer operating income has jumped to $38.1 million annually from $7.3 million in fiscal 1988. Apparently, King has brought a more critical assessment of major accounts viability to FoxMeyer.

"When Bob came in [as ceo], FoxMeyer was experiencing some bad times," Gerald Heller, president of May's Drug Stores, told *Drug Store News*. "But every quarter he has improved the bottom line of the company. Bob plans ahead with equipment, facilities and people, but his record speaks of that day-to-day, hands-on operational style," he added.

FoxMeyer's management style has changed since King took over from Bill Tauscher, who was a leading force behind the wholesaler's jump into the national market. "Bill Tauscher is still a very good friend of mine and I owe him a

See **King,** *page 37*

McK stakes 10% in Dutch wholesaler

SAN FRANCISCO — Staking a claim in the growing and consolidating European pharmaceutical distribution industry, McKesson Corp. announced it has acquired a 10-percent equity interest in N.V. Medicopharma, a wholesaler based in the Netherlands.

McKesson said it has the option to increase its equity position over the next two years. Medicopharma, primarily a pharmaceutical wholesaler serving the Netherlands and the United Kingdom, manufactures and markets a line of related health care products in the United States through Medicopharma Inc. and Pennex. It is also engaged in veterinary wholesaling and production and in supplying dental products in some European markets.

Medicopharma acquired the pharmaceutical wholesale distribution business of Macarthy PLC in the U.K. in August, and earlier acquired Butler Pharmaceuticals, a regional British pharmaceutical distributor.

In February, McKesson acquired a 50-percent equity interest in Medis Health and Pharmaceutical Services of Canada; it will acquire the balance by February 1993.